

Message Text

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ACTION OES-02

INFO OCT-01 SS-14 ISO-00 EA-06 NSC-05 INR-05 CIAE-00

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R 310515Z MAY 78

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 3393

C O N F I D E N T I A L SECTION 1 OF 2 CANBERRA 4176

LIMDIS

EO 11652: GDS

TAGS: PARM, MNUC, TECH, AS

SUBJECT: GOA REACTION TO US MODEL SAFEGUARDS AGREEMENT

REF: (A) STATE 93306 (B) CANBERRA 3016

1. SUMMARY: THE GOA EMPHASIZED ITS HOPE THAT A BILATERAL US-AUSTRALIAN SAFEGUARDS AGREEMENT CAN BE DRAFTED IN SUCH A MANNER AS TO PRESERVE THE CURRENT DEGREE OF COOPERATION BETWEEN OUR RESPECTIVE ATOMIC ENERGY AGENCIES; IT FURTHER HOPES THAT IT WILL BE POSSIBLE TO PUT TOGETHER A BILATERAL AGREEMENT THAT WILL CONTAIN SOMETHING LESS THAN THE IMAGE OF THE US "SITTING ASTRIDE AUSTRALIA'S ENRICHMENT OF URANIUM." FINALLY, THE GOA IS LOOKING FORWARD TO THE FORTHCOMING VISIT OF NYE, NOSENZO & COMPANY, AND HOPES TO BE ABLE TO ARRANGE A MEETING WITH PRIME MINISTER FRASER FOR THEM. END SUMMARY.

2. RON WALKER, ASSISTANT SECRETARY FOR NUCLEAR SAFEGUARDS POLICY, DFA, ASKED EMBOFF TO STOP BY FOR FILL-IN ON DISCUSSIONS BEING CONDUCTED BETWEEN AUSTRALIAN EMBASSY IN WASHINGTON AND DEPARTMENT. WALKER NOTED THAT GOA HAD PUT LENGTHY (24 PARAGRAPHS) DETAILED RESPONSE TO
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US "MODEL SAFEGUARDS AGREEMENT" TO DEPARTMENT (DFA GAVE US A COPY OF THE GOA RESPONSE), BUT WANTED TO PROVIDE FOUR ADDITIONAL NUANCES FOR US CONSIDERATION.

3. FIRST WAS THE EXPRESSED HOPE THAT IT WOULD BE POSSIBLE, IN A BILATERAL SAFEGUARDS AGREEMENT WITH THE US, TO PRESERVE THE ESSENTIAL COOPERATIVE ARRANGEMENTS

THE AUSTRALIAN AEC HAS WITH ITS US COUNTERPART. THE GOA IS UNSURE WHAT EFFECT THE SAFEGUARDS PROVISIONS IN THE MODEL AGREEMENT WOULD HAVE ON THESE COOPERATIVE EXCHANGES, BUT IT HOPES A WAY CAN BE FOUND TO AVOID DETRACTING FROM THEM THAT "WON'T AT THE SAME TIME DO VIOLENCE TO US SAFEGUARDS HOPES." THIS GOAL, WALKER SAID, WILL EXPLAIN THE GOA'S PREOCCUPATION WITH CERTAIN SPECIFIC WORDS AND PHRASES IN THE AGREEMENT, WHICH FORMED A LARGE PART OF THE GOA'S DETAILED COMMENTS HANDED OVER IN WASHINGTON.

4. SECOND, AUSTRALIA WANTS A BILATERAL AGREEMENT WITH THE US WHICH WILL PROTECT "" "OR AT LEAST NOT DAMAGE"-- THE PROSPECTS FOR AUSTRALIAN SALES OF ENRICHED URANIUM TO THE US (DFA MAY BE LABORING UNDER THE IMPRESSION THAT THE US STILL HAS AN EMBARGO ON US PURCHASES OF URANIUM FROM FOREIGN SUPPLIERS.) AUSTRALIA REGARDS THE US AS A SIZEABLE POTENTIAL MARKET, EITHER FOR ITS OWN USE OR FOR REPROCESSING FOR THIRD COUNTRIES, AND WANTS A BILATERAL AGREEMENT WITH THE US SPECIFICALLY TO, AMONG OTHER THINGS, PROTECT ITS ACCESS TO THE US MARKET. SINCE THE GOA POSITION ON "SAFEGUARDS" IS AT LEAST AS TOUGH AS THE US ATTITUDE, THE GOA WILL THEREFORE BE LOOKING FOR WHAT WALKER DESCRIBED AS "RECIPROCAL SAFE-GUARDS"--AND THEREFORE, SOME OF THE GOA'S COMMENTS ON THE US MODEL SAFEGUARDS AGREEMENT ARE DRAFTED SPECIFICALLY CONFIDENTIAL

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WITH RECIPROCITY IN MIND. OTHERS, WALKER SAID, WILL ALSO HAVE TO BE SLIGHTLY RE-TURNED TO INTRODUCE "RECIPROCITY."

5. THIRD, AUSTRALIA CONTINUES TO HAVE A PROBLEM WITH POLITICAL OPPOSITION TO DEVELOPMENT OF ITS URANIUM RESOURCES, AND WALKER SINGLED OUT ARTICLE 12(2) IN THE US MODEL SAFEGUARDS AGREEMENT AS POTENTIALLY TROUBLESOME FOR IT. THERE ARE THOSE IN THE AUSTRALIAN BODY POLITIC WHO WILL WANT THE GOA TO STRENGTHEN 13(2) GREATLY. THE GOA HAS, HOWEVER, TAKEN THE PUBLIC STANCE THAT THERE IS A CONSIDERABLE DIFFERENCE BETWEEN "NON-PROLIFERATION SAFEGUARDS" AND "ENVIRONMENTAL SAFEGUARDS." AS A PRACTICAL MATTER, THE GOA IS RESISTING COMBINING THESE TWO, AND WOULD HAVE SOME DIFFICULTY IF REFERENCE TO "ENVIRONMENTAL" SAFEGUARDS WERE INCORPORATED IN A US-AUSTRALIAN BILATERAL AGREEMENT. THE GOA WOULD, IN PRINCIPLE, LIKE TO SEE 13(2) LEFT OUT ALTOGETHER, AND LOOKS FORWARD TO DISCUSSING THIS WITH NYE/NOSENZO, ET ALIA.

6. FOURTH, THE GOA IS STUDYING THE POSSIBILITIES FOR CONDUCTING LIMITED ENRICHMENT (TO AROUND 3 PERCENT) OF ITS URANIUM IN AUSTRALIA BEFORE EXPORT. SINCE IT

HAS FOR THE TIME BEING SET ASIDE NUCLEAR ENERGY FOR ITS OWN USE, THIS PRESENTS "THE NOVEL CASE" OF ENRICHMENT SOLELY RPT SOLELY FOR EXPORT, RATHER THAN FOR ITS OWN USE. GOA QUESTIONS WHETHER THE CONTROLS ON AN ENRICHMENT FACILITY PROPOSED BY THE US WOULD BE EQUALLY APPROPRIATE IN THE AUSTRALIAN CASE, SINCE DFA BELIEVES THE US PROPOSAL IS DIRECTED MAINLY TO FACILITIES WHICH WOULD ENRICHEN URANIUM TO A CONSIDERABLY GREATER EXTENT (SAY AROUND 20 PERCENT) THAN AUSTRALIA ENVISIONS. THE POLITICAL IMAGERY (TO THE AUSTRALIAN PUBLIC) OF THE US SITTING ASTRIDE AUSTRALIA'S DESIRE TO ENRICH ITS OWN URANIUM PRIOR TO EXPORT "IS NOT A HAPPY ONE."

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7. FINALLY, WALKER SAID THE PRIME MINISTER'S OFFICE HAS EXPRESSED INTEREST IN THE POSSIBILITY OF NYE AND PERHAPS OTHERS OF HIS TEAM MEETING WITH PRIME MINISTER FRASER IF SUCH CAN BE ARRANGED. THE PM'S SCHEDULE HAS HIM RETURNING TO CANBERRA FROM OVERSEAS ON THE 18TH OR 19TH, AND HIS AVAILABILITY MAY BE A PROBLEM, BUT THE GOA WILL BE WORKING ON THIS ANGLE. DFA WILL, IN ALL PROBABILITY, RECOMMEND A MEETING WITH EITHER LEADER OF THE OPPOSITION BILL HAYDEN OR (IF HAYDEN IS OUT OF THE COUNTRY) SHADOW MINISTER FOR ENERGY PAUL KEATING. THEY MAY ALSO WANT TO EXPLORE THE POSSIBILITY OF NYE SPEAKING TO THE NATIONAL PRESS CLUB IN CANBERRA, AN OPPORTUNITY WHICH, IF IT SHOULD MATERIALIZE, WOULD BE HEARTILY ENDORSED BY EMBASSY. GOA IS DISINCLINED TOWARD MEETINGS BETWEEN THE US TEAM AND AUSTRALIAN LABOR UNION OFFICIALS, SINCE THIS

IS STILL A BIT TOO CONTENTIOUS IN THE CONTEMPORARY
AUSTRALIAN POLITICAL ATMOSPHERE. EMBASSY AGREES.
DFA HAS REQUESTED MORE ABOUT WHO WILL BE
ACCOMPANYING NYE/NOSENZO, AND WE WOULD LIKE TO
EMPHISE THAT THE WINTER TOURIST SEASON HAS BEGUN AND
IT WOULD BE USEFUL TO MAKE HOTEL BOOKINGS AS SOON AS
POSSIBLE. PLEASE ADVISE.
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